

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 28 FEBRUARY 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 28/02/2023 RM'000	PRECEDING YEAR QUARTER 28/02/2022 RM'000	CURRENT YEAR TO DATE 28/02/2023 RM'000	PRECEDING YEAR TO DATE 28/02/2022 RM'000
REVENUE	2,238	1,587	2,238	1,587
COST OF SALES	(1,012)	(1,114)	(1,012)	(1,114)
GROSS PROFIT	1,226	473	1,226	473
OTHER INCOME	1,278	995	1,278	995
ADMINISTRATION EXPENSES	(5,758)	(4,327)	(5,758)	(4,327)
OTHER OPERATING EXPENSES	1	(18)	1	(18)
PROFIT / (LOSS) FROM OPERATIONS	(3,253)	(2,877)	(3,253)	(2,877)
FINANCE COST	(490)	(461)	(490)	(461)
PROFIT / (LOSS) BEFORE TAX	(3,743)	(3,338)	(3,743)	(3,338)
INCOME TAX EXPENSES	-	-	-	-
NET PROFIT / (LOSS) FOR THE PERIOD	(3,743)	(3,338)	(3,743)	(3,338)
OTHER COMPREHENSIVE INCOME / (LOSS)	(291)	(17)	(291)	(17)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	(4,034)	(3,355)	(4,034)	(3,355)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(3,757)	(3,184)	(3,757)	(3,184)
NON-CONTROLLING INTEREST	14	(154)	14	(154)
	(3,743)	(3,338)	(3,743)	(3,338)
	-	-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(4,029)	(3,220)	(4,029)	(3,220)
NON-CONTROLLING INTEREST	(5)	(135)	(5)	(135)
	(4,034)	(3,355)	(4,034)	(3,355)
	-	-	-	-
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	(0.45)	(0.38)	(0.45)	(0.38)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 28 FEBRUARY 2023**

	AS AT 28/02/2023 Unaudited RM'000	AS AT 30/11/2022 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Plant and Equipment	2,522	2,925
Investment Properties	40,520	40,875
Right Of Use Assets	1,724	1,759
Intangible Assets	9,778	9,865
Other Investments	6,715	6,715
Goodwill on Consolidation	5,944	5,936
	67,203	68,075
<u>CURRENT ASSETS</u>		
Inventories	38	38
Trade Receivables	9,583	9,609
Other Receivables, Deposits and Prepayment	14,295	12,048
Contract Assets	961	1,304
Current Tax Assets	61	60
Short Term Investment	2,111	7,067
Cash and Bank Balances	59,265	62,888
	86,314	93,014
TOTAL ASSETS	153,517	161,089
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	205,877	205,877
Warrant Reserve	19,226	19,226
Foreign Exchange Reserve	(3,298)	(3,027)
Accumulated Losses	(99,376)	(95,619)
	122,429	126,457
Non-Controlling Interest	(5,473)	(5,143)
TOTAL EQUITY	116,956	121,314
<u>NON-CURRENT LIABILITIES</u>		
Term Loan	25,104	26,617
Lease Liabilities	1,293	1,310
Deferred Tax Liability	127	127
	26,524	28,054
<u>CURRENT LIABILITIES</u>		
Trade Payables	1,015	950
Other Payables and Accruals	1,548	3,308
Contract Liabilities	1,120	1,477
Lease Liabilities	439	458
Term Loan	5,915	5,528
	10,037	11,721
TOTAL LIABILITIES	36,561	39,775
TOTAL EQUITIES AND LIABILITIES	153,517	161,089
	-	-
Net Assets per share attributable to owners of the Company (RM)	0.15	0.15

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR TODATE ENDED 28 FEBRUARY 2023

	←————— ATTRIBUTABLE TO OWNER OF THE PARENT —————→					NON CONTROLLI NG INTEREST RM'000	TOTAL EQUITY RM'000
	←————— NON - DISTRIBUTABLE —————→		←————— DISTRIBUTABLE —————→				
	SHARE CAPITAL RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000		
As at 1 December 2022	205,877	19,226	(3,027)	(95,619)	126,457	(5,143)	121,314
Loss after taxation	-	-		(3,757)	(3,757)	14	(3,743)
Other comprehensive loss:							
Foreign currency translation reserve	-	-	(271)	-	(271)	(20)	(291)
Total comprehensive loss for the financial period	-	-	(271)	(3,757)	(4,028)	(6)	(4,034)
Transactions with owners:							
Issuance of ordinary shares in subsidiary	-	-	-	-	-	(324)	(324)
Total Transactions with owners:	-	-	-	-	-	(324)	(324)
As at 28 February 2023	205,877	19,226	(3,298)	(99,376)	122,429	(5,473)	116,956
	-	-	-	-	-	-	-
As at 1 December 2021	205,877	19,226	(457)	(79,987)	144,659	(4,641)	140,018
Loss after taxation	-	-		(15,632)	(15,632)	(462)	(16,094)
Other comprehensive loss:							
Foreign currency translation reserve	-	-	(2,570)	-	(2,570)	(219)	(2,789)
Total comprehensive loss for the financial year	-	-	(2,570)	(15,632)	(18,202)	(681)	(18,883)
Transactions with owners:					-		
Acquisition of subsidiary	-	-	-	-	-	179	179
Total Transactions with owners:	-	-	-	-	-	179	179
As at 30 November 2022	205,877	19,226	(3,027)	(95,619)	126,457	(5,143)	121,314

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 28 FEBRUARY 2023

	CURRENT YEAR TO DATE 28/2/2023 RM'000	PRECEDING YEAR TO DATE 28/2/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,743)	(3,338)
Adjustment for:		
Amortisation of intangible assets	277	230
Depreciation of plant and equipment	414	575
Depreciation of investment properties	355	341
Depreciation of right of use assets	51	51
Dividend income	-	(47)
Fair value (gain) / loss on other investments	-	(365)
Fair value (gain) / loss on short-term investment	(35)	(58)
(Gain)/loss on disposal of short term investments	(13)	-
Unrealised foreign exchange (gain)/loss	(744)	346
Interest expense	490	461
Interest income	(8)	(1)
Plant and equipment written off	-	18
Reversal of impairment losses on trade receivables	(1)	(3)
Operating (loss) / profit before working capital changes	<u>(2,957)</u>	<u>(1,790)</u>
Changes in contract assets / contract liabilities	(14)	15
(Increase) / decrease in inventories	-	(12)
(Increase) / decrease in receivables	(2,209)	3,983
Increase / (Decrease) in payables	<u>(1,372)</u>	<u>(2,758)</u>
Cash (used in) / generated from operations	(6,552)	(562)
Interest received	8	1
Tax refunded	-	5
Tax paid	<u>(2)</u>	<u>(5)</u>
Cash (used in) / generated from operations activities	(6,546)	(561)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(158)	(58)
Additions in other investments	-	(4,700)
Dividend received	-	47
Proceeds from disposal of investment	5	-
Purchase of plant and equipment	(5)	(58)
Purchase of investment properties	-	(4,158)
Net cash (used in) / generated from investing activities	<u>(158)</u>	<u>(8,927)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(490)	(461)
Withdrawal / (Placement) of short-term investment	5,000	4,453
Repayment of lease liabilities	(52)	(48)
Repayment of term loans	(1,126)	(557)
Non-controlling interests investment in a subsidiary	(332)	-
Net cash generated from financing activities	<u>3,000</u>	<u>3,387</u>
Net (decrease) / increase in cash and cash equivalents	(3,704)	(6,101)
Cash and cash equivalents at the beginning of the financial year	62,888	64,404
Effect of exchange differences	81	213
Cash and cash equivalents at the end of the financial year	<u>59,265</u>	<u>58,516</u>
Cash and cash equivalents comprise:		
Short term Investment	2,111	21,243
Cash and bank balances	<u>59,265</u>	<u>58,516</u>
	61,376	79,759
Less: Short term investment	<u>(2,111)</u>	<u>(21,243)</u>
	<u>59,265</u>	<u>58,516</u>
	-	-

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 November 2022 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 28
FEBRUARY 2023**

A. EXPLANATORY NOTES

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 November 2022. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 November 2022.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 November 2022 except for the adoption of the following MFRS and Amendments to MFRSs:

<u>MFRSs and Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendment to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standard 2018 - 2020	1 January 2022

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.

The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

<u>MFRSs and Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 17 Insurance Contracts	1 January 2023

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

<u>MFRSs and Amendments to MFRSs</u>		<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 17	Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not subject to any seasonal or cyclical factors.

A3 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during current quarter ended 28 February 2023.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter ended 28 February 2023.

A5 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current quarter ended 28 February 2023.

A6 DIVIDENDS PAID

No dividends were paid during current quarter ended 28 February 2023.

A7 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation undertaken for property, plant and equipment.

A8 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during current quarter ended 28 February 2023 other than as disclosed below:

- 1) On 20 January 2023, E-FX Sdn. Bhd. (“EFX”), a wholly-owned subsidiary of the Company entered into Share Sale and Purchase Agreement with Mr. Tan Sik Eek for the proposed acquisition of 790,500 ordinary shares in Mountain Money Sdn. Bhd. (“MMSB”), representing 51% of the total issued and paid-up share capital of MMSB for a total consideration of RM332,010.00 only. Upon completion, the total equity interest of EFX in MMSB will be increased from 49% to 100% and MMSB will become an indirect wholly-owned subsidiary of NetX.
- 2) On 16 January 2023, Gem Pay Sdn Bhd, a subsidiary company has entered into a new Shares Subscription Agreement with Emicro Capital (M) Sdn Bhd for subscription of up to 4,000,000 RCPS in Emicro Capital (M) Sdn Bhd at issue price of RM1.00 per RCPS in multiple tranches. On 15 February 2023, Gem Pay Sdn Bhd, a subsidiary company has completed the subscription of First tranche of RCPS in Emicro Capital (M) Sdn Bhd, comprised of 1,000,000 RCPS of RM1.00 each pursuant to the new Shares Subscription Agreement dated 16 January 2023.
- 3) On 24 February 2023, EFX, a wholly-owned subsidiary company has completed the acquisition of shares in MMSB. The total equity interest of EFX in MMSB increased from 49% to 100% and MMSB becomes an indirect wholly-owned subsidiary of NetX.

A9 CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for as at the date of this report.

A10 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 1 March 2023, Netx acquired 40,000 ordinary shares in Gem Pay Sdn Bhd (“GPSB”), representing 0.69% equity interest of GPSB from the non-controlling shareholders for a total cash consideration of RM6,000.00 only. Upon Completion, the total equity interest of the Company in GPSB will be increased from 99.31% to 100%.

A11 SEGMENTAL INFORMATION

The Group's operating segments are classified according to the nature of activities as follows:-

- | | | |
|--|---|--|
| Electronic Payment Services and Money Services | : | Involved in provision of payment terminal and payment solutions, money exchange services, and its related software licensing and services. |
| Money Lending | : | Involved in provision of money lending business, trading of motor vehicle and other related services. |
| Non-electronic Payment services | : | Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, integration and installation and provision of IT services. |
| GEM | : | Involved in provision of reservation and planning services and its related solutions. |
| Investment Holding | : | This segment comprise investment holding and dormant companies. |

A11 SEGMENTAL INFORMATION (CONTINUED)

	Electronic payment services RM'000	Non- electronic payment services RM'000	Money lending services RM'000	GEM RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
2023							
Revenue							
External revenue	89	360	1,011	626	152	-	2,238
Inter-company	-		-	12	-	(12)	-
	89	360	1,011	638	152	(12)	2,238
Results							
Segment operating profit/(loss)	(691)	(666)	416	(2,010)	(989)	(592)	(4,532)
Other operating income							1,278
Other operating expenses							1
Finance costs							(490)
Loss before taxation							(3,743)
Tax expenses							-
Loss after taxation							(3,743)
Non-controlling interests							(14)
Loss attributable to owners of the Company							(3,757)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segments assets	13,387	1,745	12,984	8,697	116,704	-	153,517
Total assets							153,517
Segments liabilities	2,277	1,790	184	756	31,427	-	36,434
Deferred tax liability							127
Total liabilities							36,561

A11 SEGMENTAL INFORMATION (CONTINUED)

	Electronic payment services RM'000	Non- electronic payment services RM'000	Money lending services RM'000	GEM RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
2022							
Revenue							
External revenue	154	84	92	1,036	221	-	1,587
Inter-company	-	-	-	18	-	(18)	-
	154	84	92	1,054	221	(18)	1,587
Results							
Segment operating profit/(loss)	(735)	(439)	(131)	(794)	(1,820)	65	(3,854)
Other operating income							995
Other operating expenses							(18)
Finance costs							(461)
Loss before taxation							(3,338)
Tax expenses							-
Loss after taxation							(3,338)
Non-controlling interests							154
Loss attributable to owners of the Company							(3,184)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Segments assets	3,081	2,910	3,474	8,397	157,450	-	175,312
Total assets							175,312
Segments liabilities	717	2,889	174	776	33,960	-	38,516
Deferred tax liability							133
Total liabilities							38,649

A12 RELATED PARTY TRANSACTIONS

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 PERFORMANCE REVIEW

Group Results	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2023	28.02.2022	RM'000	%	28.02.2023	28.02.2022	RM'000	%
Revenue	2,238	1,587	651	41	2,238	1,587	651	41
Gross Profit	1,226	473	753	159	1,226	473	753	159
Profit/(Loss) Before Interest and Tax	(3,253)	(2,877)	(376)	13	(3,253)	(2,877)	(376)	13
Profit/(Loss) Before Tax	(3,743)	(3,338)	(405)	12	(3,743)	(3,338)	(405)	12
Profit/(Loss) After Tax	(3,743)	(3,338)	(405)	12	(3,743)	(3,338)	(405)	12
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(3,757)	(3,184)	(573)	18	(3,757)	(3,184)	(573)	18

For the current quarter ended 28 February 2023, the Group registered revenue of RM2.24 million, higher as compared to RM1.59 million in the preceding year corresponding quarter, mainly due to higher revenue contributed by money lending business and mitigate by lower revenue generated from GEM segment, as GEM pivoted into the events industry due to the saturated market and fear competition in the food delivery business, no advertising revenue on GemSpot, and lower sales in gift deliveries.

The gross profit margin improved from 30% in the preceding year corresponding quarter to 54% in the current quarter, mainly contributed from higher gross profit margin in money lending segment, event planning & celebration and e-commerce services from GEM segment.

The Group recorded a loss before taxation of RM3.74 million, slightly higher as compared to RM3.34 million in the corresponding quarter of the previous year, mainly due to higher operating expenses on resources invested in promoting money lending business, EFX platform services and GEM E-Commerce application.

Electronic Payment Services and Money Services Segment

Electronic Payment Segment	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2023	28.02.2022	RM'000	%	28.02.2023	28.02.2022	RM'000	%
Revenue	89	154	(65)	42	89	154	(65)	42
Gross Profit	82	39	43	110	82	39	43	110
Profit/(Loss) Before Interest and Tax	(685)	(731)	46	6	(685)	(731)	46	6
Profit/(Loss) Before Tax	(685)	(731)	46	6	(685)	(731)	46	6
Profit/(Loss) After Tax	(685)	(731)	46	6	(685)	(731)	46	6

B1 PERFORMANCE REVIEW (CONTINUED)

Electronic Payment Services and Money Services Segment (continued)

The revenue in this segment was contributed by the sales and maintenance of payments terminal from Electronic Payment Services Segment and net proceeds upon sales of foreign currencies from licensed money changer under Money Services Segment.

For the current quarter ended 28 February 2023, this segment registered revenue of RM0.09 million, lower as compared to RM0.15 million in the preceding year corresponding quarter mainly due to lower sales from payments terminal services.

The gross profit margin improved from 25% in the preceding year corresponding quarter to 92% in the current quarter, mainly due to a higher gross profit margin in Money Services Segment. As a result, this segment recorded lower loss before tax of RM0.69 million for current quarter as compared to RM0.73 million in the preceding year corresponding quarter.

Money Lending Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2023	28.02.2022	RM'000	%	28.02.2023	28.02.2022	RM'000	%
Money Services Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,011	92	919	91	1,011	92	919	(91)
Gross Profit	713	80	633	89	713	80	633	89
Profit/(Loss) Before Interest and Tax	280	(158)	438	277	280	(158)	438	277
Profit/(Loss) Before Tax	279	(159)	438	275	279	(159)	438	275
Profit/(Loss) After Tax	279	(159)	438	275	279	(159)	438	275

For the current quarter ended 28 February 2023, this segment reported revenue of RM1.01 million, higher as compared to RM0.09 million in the preceding year corresponding quarter, mainly due to the expansion in the money lending segment, resulting in higher revenue from loan disbursements to car dealer, used motor vehicle financing, and trading of motor vehicle.

As compared to loss before tax of RM0.16 million in the preceding year corresponding quarter, this quarter recorded a profit before tax of RM0.28 million mainly due to higher revenue and interest earned from money lending business.

B1 PERFORMANCE REVIEW (CONTINUED)

Non-electronic Payment Services Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2023	28.02.2023	RM'000	%	28.02.2023	28.02.2023	RM'000	%
Non-Electronic Payment Segment	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	360	84	276	77	360	84	276	77
Gross Profit	17	3	14	82	17	3	14	82
Profit/(Loss) Before Interest and Tax	(643)	(368)	(275)	75	(643)	(368)	(275)	75
Profit/(Loss) Before Tax	(644)	(370)	(274)	74	(644)	(370)	(274)	74
Profit/(Loss) After Tax	(644)	(370)	(274)	74	(644)	(370)	(274)	74

The revenue in this segment was contributed by sales of supplies network equipment and infrastructure on a confirmed project basis.

This segment recorded loss before tax of RM0.64 million for current quarter higher losses as compared to RM0.37 million in the preceding year corresponding quarter, mainly due to higher general administration expenses.

GEM Segment

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	28.02.2023	28.02.2022	RM'000	%	28.02.2023	28.02.2022	RM'000	%
GEM	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	638	1,054	(416)	(39)	638	1,054	(416)	39
Gross Profit	310	193	117	61	310	192	118	61
Loss Before Interest and Tax	(2,010)	(788)	(1,222)	155	(2,010)	(788)	(1,222)	155
Loss Before Tax	(2,010)	(788)	(1,222)	155	(2,010)	(788)	(1,222)	155
Loss After Tax	(2,010)	(788)	(1,222)	155	(2,010)	(788)	(1,222)	155

GEM segment recorded revenue of RM0.64 million this quarter, lower than the preceding year corresponding quarter of RM1.05 million, mainly due to GEM pivoted into the events industry because of the saturated market and fear competition in the food delivery business, no advertising revenue on GemSpot, and lower sales in gift deliveries.

The gross profit margin improved from 18% in the preceding year corresponding quarter to 49% in the current quarter, mainly due to a higher gross profit margin in event planning & celebration and e-commerce services.

However, this segment reported a loss before tax of RM2.01 million in the current quarter, which is higher compared to RM0.79 million in the preceding year corresponding quarter. This increase was mainly due to higher marketing and operating expenses, and the subscription of the E-commerce platform.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED AGAINST PRECEDING QUARTER

Group Results	Current Quarter	Preceding Quarter		
	Ended 28.02.2023 RM'000	Ended 30.11.2022 RM'000	Changes RM'000 %	
Revenue	2,238	7,203	(4,965)	(69)
Gross Profit	1,226	2,155	(929)	(43)
Profit/(Loss) Before Interest and Tax	(3,253)	(9,022)	5,769	64
Profit/(Loss) Before Tax	(3,743)	(9,828)	6,085	62
Profit/(Loss) After Tax	(3,743)	(9,822)	6,079	62
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(3,757)	(9,555)	5,798	61

The Group registered revenue of RM2.24 million in current quarter, lower as compared to RM7.20 million in preceding quarter, mainly due to higher sales of network equipment and infrastructure in Non-electronic Payment Services Segment in preceding quarter.

The Group recorded loss before tax of RM3.74 in current quarter, lower losses as compared to RM9.83 million in preceding quarter, mainly due to higher operating and administrative expenses by RM4.13 million, impairment loss on intangible assets of RM3.52 million, allowance for doubtful debt of RM0.84, unrealized forex loss of RM1.22 million in preceding quarter, mitigated by interest income of RM1.14 million in preceding quarter.

B3 FUTURE PROSPECTS

Electronic Payment Services and Money Services Segment

According to mytourismdata, the total tourist arrivals into Malaysia from January 2022 to September 2022 is 5,556,281. The Group estimated that the total tourist arrivals into Malaysia will be at least half of what the data is showing before the Pandemic which is more than 25 million.

In the end of 2022, The Group has received approvals from Bank Negara Malaysia to operate a physical money changer outlet in Sungei Wang Plaza. Sungei Wang Plaza is located right in the center of the Golden Triangle. Furthermore, the KL Hop-On Hop-Off bus ticketing counter is just right in front of Sungei Wang Plaza. The Group believes that this will generate a very good revenue to The Group once the outlet is opened. The Group expecting the outlet to be open by Q3 of 2023.

While for EFX Platform, The Group is currently still in the discussion with Bank Negara Malaysia to obtain the approval to launch it in Malaysia.

For Electronic Payment Services, The Group is still actively collaborating with its business partners to deploy the EDC terminals and secure more merchants for its electronic payment services business.

B3 FUTURE PROSPECTS (CONTINUED)

Money Lending Segment

With eMicro years of experiences and technology capability, eMicro able to maintain a very low default rate in 2022. As The Group foresee that there is a potential recession in 2023 due to the global inflation and war between Russia and Ukraine, The Group has launched collateral financing to it's customers. The Group will request for collateral from the borrower if The Group identifies the borrower to be higher risk. Furthermore, The Group will also request for corporate and director guarantee from the borrower for SME loan products to lower the risk of default.

Non-electronic Payment Services Segment

Under the non-electronic payment services segment, the Group provides systems integration and hardware solutions including the supply of network equipment and infrastructure on a project basis. While the Group endeavours to continue to procure projects for this segment, the project nature of such business is expected to contribute to the volatility in the Group's revenue.

GEM Segment

Malaysia's economy expanded by 8.7% in 2022 which is the highest growth rate over two decades. The projection for Malaysia's GDP growth is projected to ease between 4-5% due to the anticipated slowing global growth which will affect exports. There is also concern about elevated costs of living and input costs are expected to impact spending by households and businesses.

Q1 of 2023 has been very busy for Miss J Florist. Miss J Florist kick-started 2023 with a healthy number of orders for CNY hampers. As consumers are getting cautious about cost of living, spending has reduced. Miss J Florist delivered over 200 Chinese New Year hampers in January 2023. To increase the awareness for Miss J Florist, a collaboration with 3 KOLS were done as part of CNY campaign to give Miss J's CNY hamper to 2 lucky winners. This campaign increased Miss J Florist's followers by 300 followers in just 2 days.

Subsequently right after Chinese New Year is Valentine's Day. Leveraging on social media awareness and digital campaigns, Miss J Florist kept busy with continuous orders for Valentine's Day. Miss J Florist team has also created a special reel for Valentine's Day that generated close to 2,000 views. In Q1 of 2023, Miss J Florist's digital campaign on social media has reached over 250,000 people and generated over 650,000 impressions while answered more than 600 enquiries.

Seeing the demand for seasonal and celebration venue deco as well as grand openings, Miss J introduced a new events segment in January 2023. Since 2022, Malaysia's economy has seen a growth in domestic spending especially on F&B and celebrations side. As the community goes back to celebrating occasions with their friends and family, event related sales picked up. Miss J Events services includes venue decorations, wedding setup, corporate functions, wedding proposal setup, grand launches, kids parties and many more.

Both Miss J Florist and Miss J Events will collaborate with banquet restaurants in the upcoming wedding fair to offer packaged services for wedding functions. Having passion and creativity as the core of Miss J, the brand continues to explore to bring more exquisite creations to live.

B3 FUTURE PROSPECTS (CONTINUED)

Group

The Group is adopting a cautious approach while remaining flexible in executing strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 November 2023.

B4 PROFIT FORECAST OR PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Company.

B5 PROFIT / LOSS BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is stated after charging :-				
Amortisation of intangible assets	277	230	277	230
Depreciation of plant and equipment	414	575	414	575
Depreciation of investment properties	355	341	355	341
Depreciation of right-of-use assets	51	51	51	51
Interest expenses	490	461	490	461
Inventory written off	1	-	1	-
Loss on foreign exchange - unrealised	-	346	-	346
Plant and equipment written off	-	18	-	18
<i>and crediting :-</i>				
Gain on foreign exchange - realised	110	3	110	3
Gain on foreign exchange - unrealised	744	-	744	-
Gain on disposal of short-term investment	13	-	13	-
Interest income	8	1	8	1
Dividend income	-	47	-	47
Rental income	84	52	84	52
Reversal of impairment gain on trade receivables	1	3	1	3
Fair value gain on other investments	-	366	-	366
Fair value gain on short-term investment	35	58	35	58

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	-	-	-
- Deferred taxation	-	-	-	-
Total	-	-	-	-

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the financial year. The effective tax rate of the Group for the financial year were higher than the statutory tax rate mainly due to certain expenses not tax allowable.

B7 CORPORATE PROPOSALS

There were no other corporate proposals which had been announced by the Company and are pending for completion as at end of current quarter other than as disclosed below:

- 1) On 2 December 2021, the Company proposed to undertake the private placement of up to 167,193,400 new ordinary shares, representing up to approximately 20% of the total number of issued shares of the Company to third party investor(s). Bursa Securities has, vide its letter dated 23 December 2021, approved the listing and quotation of the placement shares to be issued pursuant to the private placement. Pursuant to the said approval granted by Bursa Securities, the Company may utilise it to issue the new shares until 31 December 2021, after which, the 10% general mandate will be reinstated pursuant to Rule 6.04(1) of the Listing Requirement. On 15 June 2022, Bursa Securities further approved the extension of completion of the private placement to 23 December 2022 via its letter dated 15 June 2022. On 8 December 2022, an application has been submitted to Bursa Securities to seek their approval for a further extension of time of six (6) months from 24 December 2022 up to 23 June 2023 for the Company to complete the implementation of the Private Placement. On 7 February 2023, Bursa Securities further approved the extension of completion of the private placement to 23 June 2023.

B8 STATUS OF UTILISATION OF PROCEEDS

A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED

On 16 June 2017, the Company entered into a conditional subscription agreement with Macquarie Bank Limited (“Macquarie Bank”) in relation to the proposed issuance and allotment of up to 500 million new ordinary shares in NetX to Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement (“Proposed Share Issuance”)

The Shares Issuance was completed on 19 January 2018. The 500 million Subscription Shares under the Share Issuance have fully subscribed by Macquarie Bank raising RM21,103,000 for the Company.

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED (CONTINUED)

MPEX has been enhanced to be a P2P digital wallet and currency exchange application that allows users to exchange currencies at competitive commission rates. MPEX has been renamed as eFX application. The balance of proceeds available will be channelled towards the development and marketing of eFX application.

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Development and marketing of eFX System	20,000	10,850	9,150	Within 72 months
Working Capital	323	323	-	Within 24 months
Expenses for the Share Issuance	780	780	-	Immediate
	<u>21,103</u>	<u>11,953</u>	<u>9,150</u>	

B) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 9 January 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third-party investors. The Private Placement was completed on 21 April 2020 following the listing and quotation of 390,038,800 placement shares on the Ace Market of Bursa Securities, raising RM4,668,357 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Rebranding and upgrading of the GEM application	4,573	4,573	-	Within 24 months
Expenses for the Private Placement	95	95	-	Immediate
	<u>4,668</u>	<u>4,668</u>	<u>-</u>	

C) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 29 May 2020, the Company proposed to undertake the private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors. The Private Placement was completed on 16 June 2020 following the listing and quotation of 459,891,000 placement shares on the Ace Market of Bursa Securities, raising RM4,690,888 for the Company.

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)**C) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S) (CONTINUED)**

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Enhancement of GemSpot and GemSpot Lite	4,581	4,581	-	Within 24 months
Expenses for the Private Placement	110	110	-	Immediate
	<u>4,691</u>	<u>4,691</u>	<u>-</u>	

D) SHARE CONSOLIDATION AND RIGHTS ISSUE WITH WARRANTS

On 14 August 2020, the Company revised its proposal to undertake the consolidation of every 25 ordinary shares in NetX (“NetX Shares” or “Shares”) into 1 NetX Share (“Share Consolidation”); and renounceable rights issue of up to 629,491,596 new Shares (“Rights Shares”) together with up to 314,745,798 free detachable warrants in NetX (“Warrants C”) on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Share (after the Share Consolidation) held by the entitled shareholders (“Rights Issue with Warrant”). The Rights Issue with Warrant has been completed on 3 November 2020 following the listing and quotation of 626,136,825 Rights Shares and 313,068,412 Warrants C, raising RM81,397,787 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of a F&B e-commerce platform	5,000	5,000	-	Within 18 months
Marketing of GemSpot and GemSpot Lite	25,000	1,777	23,223	Within 36 months
Development and intergration of business intelligence and data analytics system	8,000	-	8,000	Within 36 months
Investment or partnership in other complementary businesses or assets	25,000	18,254	6,746	Within 36 months
Working capital	17,498	16,780	718	Within 36 months
Expenses for the Right Issue	900	900	-	Immediate
	<u>81,398</u>	<u>42,712</u>	<u>38,686</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 28.02.2023 Unaudited RM'000	As at 30.11.2022 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>5,915</u>	<u>5,528</u>
Long term borrowing		
Term loan - Secured	<u>25,104</u>	<u>26,617</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 5.06% to 6.20% per annum.

B10 DIVIDEND PAYABLE

No dividend was declared or paid in quarter and year ended 28 February 2023.

B11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
Net profit/(loss) attributable to owners of the parent (RM)	<u>(3,757,000)</u>	<u>(3,184,000)</u>	<u>(3,757,000)</u>	<u>(3,184,000)</u>
Weighted average number of ordinary shares	<u>835,967,337</u>	<u>835,967,337</u>	<u>835,967,337</u>	<u>835,967,337</u>
Basic profit/(loss) per share (sen)	<u>(0.45)</u>	<u>(0.38)</u>	<u>(0.45)</u>	<u>(0.38)</u>

(b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 28 February 2023 together with the exercise price were higher than the market value of the ordinary shares. Accordingly, there was no assumed full conversion of the warrants into ordinary shares which could result in the dilution of the Company's earnings per share.

B12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 November 2022 was not subject to any qualification.

B13 AUTHORISATION FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors.